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U.S.-Vietnam Relations:

Is Now the Time?

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Geostrategic Context

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ISSUE

Have recent developments in Indochina made it advisable for the U.S. to restore diplomatic relations and end the associated trade embargo on Vietnam?

BACKGROUND

The U.S. has had no diplomatic relations with Vietnam since the fall of Saigon in 1975. Planning for restoration of relations has ebbed and flowed in the intervening 15 years, coming closest to realization in 1977-78 under the Carter Administration, which entered office intending to proceed with "normalization."¹

At crucial points, however, restoration of relations has been blocked by one or more of these principal issues:

-- **Reparations:** The Kissinger-Le Duc Tho package of "peace" agreements signed in Paris in 1973 contained commitments for U.S. financial aid to restore the war-torn Vietnamese economy. While the U.S. maintained that Hanoi's repeated violations of other parts of the accords rendered the offer of assistance null and void, Vietnam has repeatedly expressed its belief that the money is "owed" to it. Vociferous, persistent and maladroit Vietnamese insistence on its "right" to reparations delayed resumption of relations early in the Carter Administration, and then led to action by Congress to forbid any action to negotiate "reparations, aid, or any other form of payment."² While this issue was of key importance in 1977, it is of little consequence now; Washington regards the issue as closed, and Hanoi -- while still hoping for whatever aid it can get -- has dropped the question of its "right" to the money.

-- MIAs: Even before the U.S. military involvement in Vietnam ended, the issue of U.S. servicemen missing in action became a potent one. After the American withdrawal, the Ford Administration told Congress "the most serious single obstacle in proceeding toward normalization is the refusal of Hanoi to give us a full accounting of those missing in action."³ In the years since then the issue has been reexamined on several occasions by Congressional or executive branch committees (none of which held out any hope that Americans are being held against their will in Vietnam). Active and vocal domestic lobbies continue to make this issue a prominent one in the United States, even 15 years after the war's close. Unfortunately, the record of Vietnamese actions on MIAs is marred by cynical manipulation to try to extract U.S. concessions in other areas, leading to suspicions of continuing bad faith on their part, and making it difficult to accept any but the most exhaustive accounting as full and final.

-- Cambodia: Vietnam's December 1978 invasion of Cambodia caused the Carter Administration to permanently shelve any thought of restoring relations. The invasion produced a de facto strategic alliance between China, the ASEAN countries (particularly Thailand) and the U.S., all of whom were concerned at expanding Vietnamese power and close ties with the Soviet Union. The continuing occupation of Cambodia by the Vietnamese army became the greatest single obstacle to better relations between Vietnam and the United States, with successive U.S. administrations vowing to pursue normalization of relations "only after a complete and verified withdrawal of Vietnamese troops from Cambodia in the context of an acceptable, comprehensive political settlement of the Cambodian conflict."⁴

-- China: Animosity between China and Vietnam has placed U.S. policymakers in the position of having to choose between the two, with the impact of normalization with Vietnam on U.S. - PRC relations becoming a policy consideration in and of itself. At a key juncture in October 1978, President Carter accepted Zbigniew Brzezinski's contention that normalization with Vietnam was incompatible with rapid progress toward relations with China, and deferred further talks, despite Vietnamese willingness to give the U.S. all it was asking for at that point. One party closely involved in the discussions noted that

"The reasons, given retrospectively, were concern over the implications of growing Vietnamese hostility toward Cambodia, expanding Soviet-Vietnamese ties, and the tide of 'boat people' -- refugees fleeing repression in Vietnam. The 'China card,' however, was decisive."⁵

Later, of course, the Vietnamese invasion of Cambodia made any resumption of the talks unthinkable. Today, with the deterioration in U.S.-China relations since the June 1989 Tiananmen massacre, the Administration must once again weigh carefully the potential impact on Washington-Beijing ties of a decision to restore relations with Hanoi.

RECENT DEVELOPMENTS

As the Bush Administration enters its second year, however, there have been a number of changes in Vietnam's circumstances that make a reassessment of U.S. policy worthwhile.

First, and most importantly, Vietnam appears to have decided that its own interests require removal of the obstacles to its relations with the outside world. It seems likely that a major cause of this "new thinking" has been Soviet urging that Vietnam get its economic house in order and promote improvements in its

external relations. It seems likely that the Soviet leadership warned Hanoi that it could not expect to be propped up indefinitely by Russian largesse.

The most concrete illustration of this new thinking has been Vietnam's withdrawal of its troops from Cambodia, a withdrawal that Vietnam says was completed in September, 1989. The announcement of this decision a year ago, coupled with an apparent desire by Vietnam and its Cambodian allies to negotiate a solution to the insurgency there, led to a rapid partial improvement in relations between Vietnam and the ASEAN states.

This progress is not without ambiguity, however. U.S. policymakers are skeptical that all of Vietnam's forces have in fact been withdrawn from Cambodia, believing that some may have stayed on to buttress the Phnom Penh regime. Moreover, Vietnam has said it reserves the right to renew its military support if its fraternal allies in Phnom Penh so request. At the same time, the U.S. blames the failure of last spring's Paris Peace Conference on intransigence by Hanoi and Phnom Penh, who "were prepared to see the conference fail rather than share power with any of the other Cambodian factions."⁶ However, leaving the door open for future progress, the Bush Administration also made its bottom line clear: "If the Paris conference had achieved its objective of a comprehensive settlement for Cambodia, we would have had the political basis for normalization."⁷

The second set of changes is made up of Vietnam's forthcoming moves on several humanitarian issues -- which may originate only in Vietnam's desire for international acceptance, but which are nonetheless important for their external impact, particularly in the U.S. On the neuralgic issue of the MIAs, Hanoi

recently resumed progress on a program of joint investigations and excavations agreed in late 1987 with the Reagan Administration's envoy, Gen. John W. Vessey. These activities had been suspended by Vietnam in August 1988, either in an attempt to extract U.S. concessions or as a result of conflict between factions in Hanoi. Whatever the reason, the resultant strongly negative reaction from both executive and legislative branches in Washington produced an about-face; now, one key senator believes "current progress in these areas is encouraging."⁸

Hanoi has also agreed to an expansion and acceleration of the Orderly Departure Program (ODP), under which Vietnamese -- many of whom were associated with the former Saigon regime -- are allowed to emigrate. The number of persons allowed to exit under the ODP doubled -- to 39,000 -- from 1988 to 1989.

Moreover, Hanoi has cooperated in efforts to cope with the continuing flux of refugees from Vietnam, culminating in adoption of a comprehensive plan of action by a Geneva conference in June, 1989. Under this plan, Vietnam has agreed to cooperate in voluntary return of refugees, not to penalize any returnee for having left Vietnam clandestinely, and to channel UN High Commission for Refugee (UNHCR) assistance to the returnees.

In a third area of change, some degree of *perestroika* appears to have come to Vietnam. With an eye on liberalization in Moscow and Beijing, the Vietnamese leadership embarked on a program of economic reform beginning in 1986, loosening state controls and allowing limited operation of private enterprise, particularly in the South. A new foreign investment law offers favorable treatment and profit repatriation rights to foreign investors.

Foreign traders have responded eagerly. Asian and European companies have signed contracts for food processing, fish farming, hotel construction, mining, and production of clothing. European oil producers BP, Shell, Total and Petrofina have signed offshore oil exploration agreements. A state-owned Australian telecommunications company is installing a satellite earth station in Ho Chi Minh City. But foreign investment has not been as quick to respond, as firms wait to see the future direction of Vietnam's reforms, whose durability is by no means guaranteed. Skepticism increased in mid-1989 when Vietnam's leadership -- having observed the chaos in China -- reined in its reformers with the admonition that reforms were designed "not to change the cause of socialism, but to achieve it more quickly."⁹

Finally, in a fourth area of change, shifts in the Soviet Union's strategic approach to the Pacific appear to be altering at least some aspects of the close Russo-Vietnamese relationship. The Soviets have announced a sharp reduction in use of the naval facilities at Cam Ranh Bay, in keeping with what appears to be increased reliance on a "bastion" strategy centered on the Sea of Okhotsk and the Soviet Far East. As noted above, the USSR is also seeking to reduce its aid expenditures in Vietnam, going so far as to complain publicly about Vietnamese squandering of \$10 billion in aid money. And the Soviet Union has been actively encouraging Hanoi to move to a settlement in Cambodia, to remove a major block to improving Soviet relations with China and the ASEAN countries.

It would be well, however, not to overestimate the extent of these changes. Geopolitics constitutes the fundamental basis for the Russo-Vietnamese entente: "China is the glue that holds the union together."¹⁰ While Sino-Soviet tensions have been reduced,

they are unlikely to disappear entirely. On the other side, the Vietnamese have been fighting China for nigh on 2,000 years; that rivalry seems unlikely to vanish, either. Moreover, in addition to their fear of China, the Soviet Union and Vietnam have

"layers of shared interests...built up through extensive Communist Party consultations, military-to-military coordination, exchanges and training in many sectors over twenty years. Vietnam depends on the Soviet Union for virtually all of its military hardware as well as a long list of other essential equipment, technology and commodities. Westerners cannot judge the depth and sustainability of the ideological bonds between the two regimes, but it would be a mistake to discount Hanoi and Moscow's commitment to preserving the long-term political relationship, in which both have made such large investments."¹¹

It seems likely that the Soviet Union's goal is not to end its relationship with Vietnam, but rather to rebalance and revitalize it -- reducing the economic and political costs the USSR must pay for supporting Vietnam while maintaining the strategic advantages vis-a-vis China and the U.S. that flow from the relationship.

ANALYSIS

Advocates of immediate restoration of relations with Vietnam make a number of sound points in support of their case: -- Recent events have lessened the close strategic ties between the USSR and Vietnam. Gradual "weaning" of Vietnam away from the Soviet Union should be a long-term U.S. goal, with restoration of relations a concrete first step towards this goal. Nimble U.S. diplomacy is needed, not massive infusions of cash; Indochina appears to be one of the few places where very substantial advances in U.S. strategic interests might be made with low dollar costs.

-- Vietnam is a nation of 65 million, the linchpin of Indochina. U.S. economic interests can benefit from participation in the opening of such a market.

-- Opening of relations would facilitate resolution of longstanding humanitarian issues, including MIAs and refugees.

-- Vietnam is changing, with reform and increased openness to the outside world providing opportunities to move toward freer markets and greater democracy. By active engagement, the U.S. can help Vietnam's people take advantage of these opportunities.

On the other side, however, a consensus identifies the primary U.S. interest in Southeast Asia as a close relationship with the ASEAN countries, which are vastly more important both politically and economically to the U.S. than Vietnam. A central concern of the ASEAN countries is achievement of a comprehensive settlement in Cambodia and a reduction of Vietnamese influence there. Continued denial of U.S. recognition is an important goad to Vietnamese cooperativeness in the diplomatic game now being played over Cambodia.

This view dominates thinking in both the executive and legislative branches. An Administration spokesman told Congress last fall that "a political settlement in Cambodia must come first."¹² The most prominent Congressional expert on Asian affairs told the Washington Post only slightly thereafter:

I want American business to have every opportunity abroad, but I think it is a mistake to (trade with Vietnam) before other matters are resolved....I think we all have a larger interest in seeking a satisfactory political settlement in Cambodia."¹³

The logic of this argument is persuasive. There is no credible argument for according a higher priority to relations with

Vietnam than with the six ASEAN countries, who are major traders with the U.S. and bulwarks -- to a greater or lesser degree -- of market economics, political democracy and anticommunism. However, current policy is not without its down side: it makes a decision on normalization -- which is important, for all the reasons noted above, to U.S. national objectives -- hostage to the flexibility and good will of the parties to the Cambodian negotiations. There are clear risks in making U.S. choices depend on the likes of the mercurial Prince Sihanouk, or the geriatric leadership in Beijing.

For the time being, the assignment of priorities seems correct: pressure should be kept on Vietnam to negotiate a Cambodian settlement. But U.S. policymakers must remain alert to the possibility that a stalemate on Cambodia produced by China and/or the Cambodian insurgents, coupled with continued ASEAN willingness to move closer to Hanoi, could shift the balance of our interests in the near future. In the words of one observer:

"Vietnam needs the United States. If we take the trouble to understand Vietnam's history, the changes taking place in the Communist Party, and the incipient discontent in Vietnamese society, and above all if we negotiate patiently and play for the long haul while the old order changes, valuable opportunities -- in political as well as human terms -- should emerge from the bilateral relationship."¹⁴

1. Vance, Cyrus R., Hard Choices: Critical Years in America's Foreign Policy, New York, Simon and Shuster, 1983, p. 450.
2. State Department Authorization Act for FY 1978, quoted in Brown, Frederick Z., Second Chance; The United States and Indochina in the 1990s, New York, Council on Foreign Relations, 1989, p. 26.
3. Asst. Secretary Arthur Hummell on Sept. 28, 1976, quoted in Zasloff, Joseph J (ed.), Postwar Indochina: Old Enemies and New Allies, Washington, Center for the Study of Foreign Affairs, Department of State Publication 9657, 1988.
4. Statement by David F. Lambertson, Deputy Asst. Sec. of State, before House Foreign Affairs Subcommittees, November 17, 1989, cited in "U.S.-Vietnam Relations and Emigration," Current Policy No. 1238, Bureau of Public Affairs, Department of State.
5. Brown, p. 30.
6. Lambertson statement, op cit, p. 1.
7. Lambertson statement, op cit, p. 2.
8. McCain, John, "Don't Reward Vietnam's Bad Faith," Washington Post, October 8, 1989, p. C7.
9. Vietnamese Communist Party Sixth Plenum, quoted in Brown, p. 126.
10. Brown, p. 129.
11. Brown, p. 129.
12. Lambertson testimony, p. 2.
13. Rep. Steven Solarz, quoted in "Vietnam Controversy Involves U.S. Trade Embargo," Washington Post, Nov. 25, 1989, p. B8.
14. Brown, pp. 108-109.